



State of California

# Employment Training Panel

Arnold Schwarzenegger, Governor

December 23, 2009

Kathy Cirino, Vice President  
Controlled Motions Solutions  
AKA S & S Fluid Power, Inc.  
3935 E. Ricker Way  
Anaheim, CA 92806

Dear Ms. Cirino:

RE: EARLY TERMINATION REPORT for Controlled Motions Solutions (AKA S & S Fluid Power, Inc., (S & S)  
– ET09-0452

Date of the Visit:	12/08/09
Beginning/Ending Time:	11:00 a.m. – 12:00 p.m.
Date of Last Visit:	04/28/09
Visit Location:	Via Teleconference
Persons in attendance:	Kathy Cirino, Vice President, S & S; and Carole Robinson, ETP Contract Analyst
Action Required:	No

## CONTRACT INFORMATION:

Term of Agreement:	03/09/09 – 03/08/10	Agreement Amount:	\$20,280
Training Start Date:	03/10/09	No. to Retain:	10
Date Training must be Completed:	12/07/09	Range of Hours:	8 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	78

SACRAMENTO CENTRAL OFFICE  
1100 J Street, 4<sup>th</sup> Floor  
SACRAMENTO, CA 95814  
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE  
4640 Lankershim Blvd., Suite 311  
NORTH HOLLYWOOD, CA 91602  
(818) 755-1313

S.F. BAY AREA REGIONAL OFFICE  
1065 East Hillsdale Blvd, Suite 415  
FOSTER CITY, CA 94404  
(650) 655-6930

SAN DIEGO REGIONAL OFFICE  
5353 Mission Center Road, Suite 110  
SAN DIEGO, CA 92108  
(619) 686-1920

## **FINAL REPORT SUMMARY:**

### **• HISTORY OF AGREEMENT CHANGES/CHANGE IN COMPANY OWNERSHIP**

The Agreement was executed on 04/09/09 and training began on 03/13/09. To date, no Revision Requests have been initiated for this Agreement.

You informed Ms. Robinson that S & S was acquired by Controlled Motions Solutions on 07/15/09. In anticipation of the change in ownership, five employees left the company in June 2009. Only four of the nine enrolled trainees in the ETP funded training plan remained who then became employees of Controlled Motions Solutions as of 07/15/09. Although Ms. Robinson sent the Assumption of Liability questionnaire to you in order to ascertain if Controlled Motions Solutions would proceed with assumption of the liability for S & S's ETP Agreement, you reported that the transition of ownership and current business needs precluded continuation of training at this time. You stated that Controlled Motions Solutions may pursue an ETP Agreement in the future, as a company with more than 100 fulltime employees world wide; to address the overall training needs of its diverse business holdings.

On 12/08/09, after reviewing class/lab records entered into the ETP On-line Tracking System in conjunction with the aforementioned changes, Ms. Robinson sent a follow-up e-mail to you and Quovus, your administrative subcontractor. In the e-mail, you were instructed to review S & S employee records to determine the last date of fulltime employment for each of the five employees who left the company in June 2009. These five trainees and the four remaining employees must have met all of the Terms and Conditions of the Agreement including completion of least eight hours of class/lab training, a 90-day retention as fulltime employees of S & S, and minimum hourly wage requirements as of 07/15/09, when S & S was acquired by Controlled Motions Solutions for potential eligibility for ETP reimbursement.

### **• INTERVIEW WITH COMPANY REPRESENTATIVE**

Although this ETP funded project ended sooner than anticipated, you reported no major difficulties with the delivery of training and administration of the Agreement prior to finalization of the company's acquisition on 07/15/09. You stated that, overall, the ETP funded training allowed the company to become more efficient by better utilizing available company computer software programs. Training also increased employees' customer service skills and improved internal billing procedures (receivables and payables). The resulting disruption of training due to the acquisition process and challenges faced by the company to integrate with Controlled Motions Solutions precluded delivery of most of the training topics in the ETP approved training plan.

ETP Online Tracking records must be revised by S & S to reflect class/lab training hours delivered for the nine trainees who remain enrolled that may have completed the required 90-day retention period by their final day of full time employment or 07/15/09, the date S & S was acquired by Controlled Motions solutions. Until these records are revised, the number of potential retentions and earnings for this Agreement cannot be determined.

To date, S & S has received \$2,737.80 in unearned Progress Payments which will be considered an overpayment of ETP funds that must be repaid if trainee eligibility for ETP reimbursement cannot be established. You agreed invoices, including Agreement closeout, will not be submitted to ETP until such time as S & S employee information can be obtained from storage, reviewed, and compared with ETP Online Class/lab Tracking records to determine if the ETP Agreement Terms and Conditions have been met.

Please be advised that since no training has occurred in over six months and S & S does not plan on delivering ETP funded training in the future, this Agreement must be closed out in order to complete the termination process. Therefore, a final closeout invoice that reflects only those trainees who appear to meet all Terms and Conditions of the Agreement as of 07/15/09 must be submitted no later than 01/31/10 to ETP to avoid an overpayment plus prevailing interest of the unearned ETP funds requested by S & S.

**PROJECT STATUS PROVIDED BY THE CONTRACTOR:**

Trainees Enrolled:	9	Completed Training by 04/15/09:	Unk
Dropped Following Enrollment:	0	Completed Retention by 07/15/09:	Unk
No. Completed Minimum Reimbursable Hours :	Unk	In Retention Period:	N/A

**SUBAGREEMENTS:**

You reported that, although outside training vendors were identified during a previous Monitoring Visit, they did not deliver any Class/lab training for this Agreement.

**AUDIT:**

S & S will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

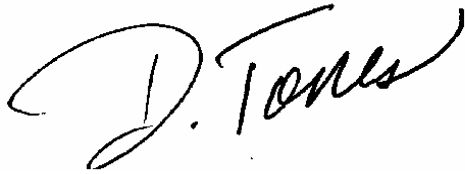
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

**RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at (619) 686-4971, within ten (10) working days from the receipt date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Torres". The signature is fluid and cursive, with a large initial "D" and a stylized "Torres".

Diana Torres, Manager  
San Diego Field Office

A handwritten signature in black ink, appearing to read "Carole Robinson". The signature is cursive and elegant, with a large initial "C" and a stylized "Robinson".

Carole Robinson, Contract Analyst  
San Diego Field Office

cc: Kulbir Mayall, Manager, ETP Fiscal Unit  
Master File  
SD Project File

Date report mailed to Contractor: 12/24/09